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MEMORANDUM ON THE BASELINE
PLANNING ENVIRONMENT, NAVY
ACCOUNTING AND FINANCE CENTER

APRIL 14, 1983

CONTRACT NUMBER: N00014-83-C-0116

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THE ORKAND CORPORATION

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EXECUTIVE SUMMARY

This memorandum outlines the perceptions of cognizant personnel within the Navy Accounting and Finance Center (NAFC) regarding the baseline planning environment present at NAFC and the impact on the Financial Management Improvement Program (FMIP) Master Plan. The comments discussed within this memorandum were collected by The Orkand Corporation through the administration of a questionnaire and a series of on-site interviews with selected key personnel within NAFC who were either involved in or directly affected by the planning process. These responses should thus be viewed as the independent opinions of the individuals at NAFC involved in the planning process and not those of The Orkand Corporation. These findings will be integrated into a separate assessment of the planning process for development and update of the FMIP being conducted by The Orkand Corporation, to follow at a later date.

SUMMARY OF FINDINGS

Based on the interviews conducted by The Orkand Corporation with NAFC, there appears to be something approaching consensus among respondents on the following viewpoints on the planning process. These findings are discussed in more detail in section II of this memorandum:

- NAVCOMPT personnel consider the formal planning process to be largely ineffective at present.
- There is thought to exist deficiencies in the central direction and general guidance received from senior management regarding integrated financial systems development in the DON. The failure to adequately disseminate clear goals and objectives for these areas throughout NAFC, appears to have left the various subunits without a long range financial road map for establishing future systems direction.
- A considerable degree of confusion was expressed by NAFC codes interviewed concerning their actual roles in the planning process. The Planning Division (NAFC-12) was not considered to be fulfilling its mission of coordinating the development and maintenance of middle and long range plans for financial management systems improvement. The small amount of planning taking place in NAVCOMPT was said to be occurring within a variety of ad hoc groups at the Deputy and Assistant Comptroller levels.
- The current Financial Management Improvement Program (FMIP) Master Plan, although intended to provide the primary source of guidance in long range financial management systems development in the DON, was perceived to of little value. To many, the Master Plan is merely a compilation of existing NAVCOMPT sponsored projects rather than a documentation of goals and objectives for future systems.

- For planning to be effective, it was stated that there must be improved linkages between planning and budgeting.
- The Planning Division was said to need upgrading in its skill and manpower levels to be effective and gain the respect of directorates in NAFC.
- Frequent turnover of military Directors/Commanders were claimed by civilian personnel at NAFC to present a major deterrent to long range planning activities. Military personnel, however, argue that the rotations are beneficial for the organization.

I. INTRODUCTION

PURPOSE

The Financial Systems Policy and Planning Operations Directorate frequently evaluates its middle and long range planning methodology in the interest of improving the process. In 1982 there were changes in the planning organization including the retirement of the former Director of the Planning Division and the more recent merger of the planning and systems evaluation function into the Planning and Systems Evaluation Division.¹ Accordingly, it was deemed useful to engage an independent consulting firm to review the planning process and environment, assess planning effectiveness, and make recommendations for improving planning effectiveness.

The Orkand Corporation was engaged to perform this assignment under contract number N00014-83-C-0116, Assessment of the Planning Process for Development and Update of the Financial Management Improvement Program. As part of the engagement, Orkand staff members interviewed several NAVCOMPT personnel, including the Deputy Comptroller, the Commander and Vice Commander of the Navy Accounting Finance Center (NAFC), and most NAFC Directorate heads and their deputies. The memorandum provides an overview of those interviews and other materials. As such, it establishes a set of perceptions about the baseline planning environment which will be used in formulating our assessment of planning effectiveness and in developing recommendations for improved planning.

OVERVIEW

Financial Management Improvement Program (FMIP)

The Financial Management Improvement Program (FMIP) was established in 1972 by the Secretary of the Navy as part of an effort to improve the responsiveness of the Navy's financial management system to the needs of management. The primary objective of FMIP is to effectively coordinate the development and implementation of integrated financial management systems in order to improve the timeliness and accuracy of accounting information in a cost effective manner. To achieve this objective, the FMIP Master Plan provides documentation of the Navy's major current and long range projects for financial systems improvement.

¹At the time the questionnaire used for the interviewing process was prepared, the planning function was performed by the Planning Division (NAFC-12). Since this time, the planning function has been transferred to NAFC-121, the Planning Branch. However, since the research process centered around discussions of past planning activities, this memorandum will continue to address the planning unit as the Planning Division (NAFC-12) for purposes of consistency.

The FMIP Master Plan is undergoing a period of sustained change and development. There are currently nineteen major financial systems included in the plan which will be in various stages of implementation throughout the remainder of the decade. Many of these projects entail the complex task of replacing existing financial systems. Additionally, these systems are being upgraded, where appropriate, to comply with external regulatory requirements such as GAO Title II, OMB A123 and the Federal Managers Financial Integrity Act.

Responsibility for coordinating the improvements dictated by the FMIP Master Plan is mandated to the Office of the Comptroller of the Navy (NAVCOMPT). This organization attempts to fulfill the objectives of the FMIP through application of long range advance planning and prescription of general policy for command implementation of financial systems. Specifically within the NAVCOMPT organization, the Navy Accounting and Finance Center Planning Division (NAFC-12) is charged with the direct duties of developing, evaluating, and monitoring these policies, concepts and plans for the FMIP.

The FMIP Planning Process

Prior to the recent reorganization involving the Planning and Systems Evaluation Division, the FMIP Planning Process consisted of annually surveying the other directorates and major claimants for the latest status on their financial system projects. The survey results were then incorporated within the Master Plan document. Although SECNAVINST 7000.18 requires claimants to report financial system development progress to NAVCOMPT quarterly, we were informed that in the ten years since the instruction has been in force, no such progress reports were ever received by NAVCOMPT (or at least by its planning staff).

An innovation in the most recently issued FMIP Master Plan (dated 25 May 1982) was the identification and inclusion of non-FMIP funded projects that, nonetheless, are bringing about improvements in financial management.

At the time our assignment commenced, the Financial Systems Policy and Planning Operations Directorate decided to discard the established baseline planning methodology. The still evolving new approach begins with the mission of NAVCOMPT and developing long range goals and objectives to further that mission. Based upon these long range goals and objectives, strategies and plans will be derived for achieving the goals and objectives.

INFORMATION SOURCES

Several sources of information were used in preparing this memorandum. Relevant DOD instructions pertaining to NAFC's organizational structure and the FMIP Master Plan were initially studied in order to determine the general responsibilities of the individual command elements in the planning process. These instructions are listed in Appendix I. A series of meetings with the Planning Division staff were held to provide further insight into the internal planning process and to discuss interview procedures to be used.

A preliminary questionnaire was administered to selected key personnel within NAFC who were either involved or directly affected by the financial planning process. Prior to its distribution, the questionnaire was reviewed and approved by NAFC's chain of command. The responses gathered from the questionnaire were used to identify major issues in NAVCOMPT's planning procedures and the FMIP Master Plan in preparation for the interviews.

On-site interviews were then held with 20 individuals in cognizant codes within the NAVCOMPT organization, who were impacted by FMIP planning, to obtain their detailed remarks on the planning process. In order to encourage candid and open discussions, personnel interviewed were offered anonymity with regard to their comments. All interview notes and related working papers have been retained by The Orkand Corporation, and other precautions have been taken, as appropriate, to ensure respondent and interviewee anonymity.

II. RELEVANT FINDINGS ON THE BASELINE PLANNING ENVIRONMENT AT NAFC

In this section, we discuss the findings based upon interviews and questionnaires returned by selected NAVCOMPT personnel. Further development of the issues, the conclusions, assessment, and recommendations based on these findings will be provided in a later memorandum.

Our findings divide themselves into five general areas and will be discussed in the following order:

- The impact of the DON organization on financial planning effectiveness.
- The planning task at NAFC and perceived roles within the organization.
- The current FMIP Master plan document.
- The resources deployed in planning at NAFC.
- Other impediments to the planning function.

THE IMPACT OF DON ORGANIZATION ON FINANCIAL PLANNING EFFECTIVENESS

Several characteristics relating to the organization of the Department of the Navy (DON) were suggested by interviewees as impeding the ability of the Navy Accounting and Finance Center to fulfill its mandated mission with regard to the Financial Management Improvement Program. The bulk of respondent comments on this issue centered around the problems of the DON's decentralized structure and the absence of universally understood and agreed upon goals and objectives for financial systems improvements throughout the organization.

Dissemination of Goals and Objectives for DON Financial Systems Development

Despite the existence of the FMIP Master Plan, many directorate and division level administrators at NAFC believe there exists a significant lack of direction and general guidance from senior management in the area of integrated financial systems developments in the DON. As a result, the future mission of the various subunits in the organization regarding financial management operations is not clearly understood at all levels of DON.

Several individuals acknowledged that there was no total integrated plan for systems development, but only plans for individual projects. To correct this deficiency it was felt that the DON must attempt to redevelop a long range financial road map for establishing future systems direction and must define interfaces for the creation of integrated systems.

Greater participation and input from the Chief of Naval Operations (CNO) and the Secretarial level in this process was viewed as essential to its success. In order to formulate such centralized, long range policy, one individual suggested that the heads of NCB and NCF would have to temporarily isolate themselves away from daily distractions to concentrate on the out-year projects. However, a precautionary statement added by this respondent however, was that greater central direction may not always be entirely useful, as top management often lacks full comprehension of operational problems.

Decentralization of Planning Authority Within DON

The absence of comprehensive DON financial plans is largely viewed as a symptom of the decentralized planning authority within the DON. In particular, decentralized authority impacts the Navy's financial system by promoting a fragmented and duplicative planning effort.

According to several respondents, system redundancy is the result of two general categories of financial systems in the NAVY. These include the "official" NAVCOMPT systems and the many unofficial financial systems developed by individual commands to support their own needs. These unofficial, non-standard systems were said to have resulted from NAVCOMPT's lack of responsiveness to DON demands for new financial MIS. They are also based upon the ability of individual commands to bypass NAVCOMPT's approval process by deemphasizing or ignoring the accounting aspect of the system they wanted to develop.

Two respondents felt that the position of the NAVCOMPT organization in the DON hierarchy inhibits planning effectiveness. NAVCOMPT does not have the stature to effectively deal with organizations such as NAVMAT, NAVSUP and NAVSEA. By way of illustration, one respondent commented that since many Navy industrial fund systems are "owned" by other more politically powerful commands, NAVCOMPT can not expect to exercise much more control over them other than simply requiring compliance with accounting policy.

Two respondents also mentioned the successive reorganizations of NAVCOMPT as having positioned NAFC-12 progressively farther away from the source of power. In 1972 the planning unit was on the staff of NCF and consisted of approximately 15 personnel. In the mid 1970's, the planning unit was merged with an administrative unit to form the Planning and Management Review Department. The department consisted of approximately 30 personnel. In 1980, the Financial Systems Policy and Planning Operations Directorate (NAFC-1) was established and the planning unit consisting of 8 people became a division (NAFC-12) of the directorate. In late 1982 NAFC-12 was renamed the Planning and Systems Evaluation Division, with the planning unit becoming a branch within the division. These interviews suggested that the division's present position in the organizational structure prevents clear strategic guidance from being accurately presented to decision makers in senior management at NAFC.

Various other explanations were offered for NAVCOMPT's inability to control DON-wide plans for financial systems standardization. Several respondents felt the funding approach utilized by DON was a major barrier. At

a minimum, centralized funding for all major systems projects through NAVCOMPT was seen as necessary if NAVCOMPT is to retain authority over these systems.

A secondary reason widely given was that NAVCOMPT has no method for monitoring all local field activities. It was also suggested that internal policy differences within NAVCOMPT may prevent the organization from setting a good example for the rest of the Navy and from taking its appropriate leadership role in financial planning.

THE PLANNING TASK AT NAFC AND PERCEIVED ROLES WITHIN THE ORGANIZATION

Within the Navy Accounting and Finance Center itself, coordination of the development and maintenance of middle and long range plans for financial management systems improvement is formally the organizational responsibility of the Planning Division (NAFC-12). However, many of the NAFC interviewees expressed confusion on their own role in the planning process, as it relates to NAFC-12's role.

Confusion Over the Planning Function

Although there exists a formal organizational manual for NAFC containing listings of direct duties for the planning function, few individuals appeared to see how this was relevant to their actual roles in the planning process. Several directorates mentioned that their only input to the FMIP Master Plan was in the form of periodic updates on projects already underway, rather than attempts to provide concepts of ideas on systems for out-years. It was felt that this was due in part to the method the Planning Division uses to request plan updates. The respondents felt that the two line memo typically employed was insufficient to stimulate long range thinking and insufficient to provide the directorates guidance to the kind of input that is needed.

Perceptions of NAFC-12 and Its Role in the Planning Process

While most interviewees charged the Planning Division with formal responsibility for coordinating the planning process, few individuals actually believed that the division generated any long range strategy. Most respondents perceived NAFC-12's efforts more as exercises in individual project planning than as meaningful out-year planning.

The small amount of planning taking place in NAVCOMPT was seen as being performed not by the staff members in NAFC-12, but was instead occurring within a variety of ad hoc groups at the Deputy Comptroller and Assistant Comptroller levels.

The Planning Division was found to suffer a particularly poor reputation among other divisions and directorates at NAFC due to the Division's past performance. One individual characterized the Planning Division as adding to the overall organizational workload through requests for project updates and operational data, but generating little payoff or benefits. Many of the directorates regarded the Planning Division as having offered little of value recently. Many of the interviewees felt that the Planning Division needs to

convince the directorates that long range planning is important by illustrating the benefits derived from an effective long range strategy.

The division was characterized as lacking the authority and respect necessary to motivate the directorates in the long range planning effort. A summary generalization offered was that "the Planning Division is tolerated rather than appreciated here at NAFC." Some people interviewed believed that the relatively low reporting position of the planning unit diminishes its authority and contributes to its ineffectiveness.

One respondent felt that this lack of respect was because in past years the Planning Division was asked to perform non-planning tasks. The burden of these tasks lessened the Division's opportunities to interact with the other NAFC divisions. The interaction gradually diminished to the point where the Planning Division was seen as operating in a vacuum and, therefore, the Master Plan was merely the Division's wish list of projects. Since the Plan did not reflect reality, the Division received little support from the directorates.

Appropriate Mission of NAFC-12

Despite the current lack of dependence on the Planning Division for strategic information, several managers emphasized the need for such an organization in NAVCOMPT. Many comments reflected what the directorates considered as NAFC-12's appropriate role in planning.

Many respondents felt the Planning Division should present management with alternative long range plans along with an analysis of each alternative. There was no consensus among the respondents regarding who should be responsible for developing the alternatives or completing the analyses. Several interviewees felt that the individual NAFC divisions should be responsible for these duties because they are familiar with the needed system improvements and enhancements in their area. However, another group of interviewees felt that all the tasks associated with out-year planning are the responsibility of NAFC-12. In this case, the only function required by the NAFC directorates is feeding ideas to the Planning staff. The Planning staff is then responsible for evaluating the idea, developing alternatives and completing the necessary analysis.

Approximately 50% of the respondents felt that the Planning Division should inform the NAFC directorates of technological and legislative changes which impact their systems. This relates to any state-of-the-art financial and accounting techniques or concepts that could be utilized within an NAFC division and current legislative developments. By providing the divisions with this information, the respondents felt that this was an area where NAFC-12 could benefit the directorates as well as stimulate long range thinking. The other 50% of the interviewees felt that the individual divisions' staff was much more informed regarding the technological and legislative changes which impact their area of expertise than the Planning Division, thus, the Planning staff should concentrate their efforts elsewhere.

Even within NAVCOMPT's chain of command there were divergent opinions on the appropriate role of the planning staff. One person in the chain of

command thought that NAFC-12 should keep the other directorates informed on technological matters rather than accounting policy matters because the directorates were generally knowledgeable about accounting policy. Someone else in the chain of command said NAFC-12 should apprise the other directorates on accounting policy rather than technology because the other directorates were generally well informed on technology.

Several of the interviewees felt that the Planning Division should develop the goals and objectives of the future DON-wide financial systems for senior management approval. Most of the respondents agreed that currently senior management was not providing these DON-wide goals. However, there was no agreement on who is ultimately responsible for their development. Some respondents said that NAFC-12 must exercise initiative by suggesting long range goals for command review and approval. One person interviewed said that senior management is "crying" for a viable long range strategy and that if NAFC-12 were to present one, they would get the commands immediate attention. Other personnel interviewed felt that it is senior management's responsibility to clearly outline its long range goals to the planning staff.

Overall, there appeared to be a strong consensus for changing NAFC-12's present planning role. It was felt that the emphasis of the division ought to be directed toward anticipating what the next series of projects should be, rather than to act as yet another arm with reporting responsibility about current projects.

Coordination of the Planning Effort

Improvements in the division's planning process were deemed essential by all of the interviewees. The most critical change in operating procedures as seen by the majority of the respondents was increasing the amount of interaction and involvement of the NAFC directorates in long range planning. The present level of dialogue between both the directorates themselves and with the Planning Division was viewed as inadequate, with only a minimal amount of interface occurring. As a result, there is little awareness among directorates as to what others are doing.

The monthly briefings by each directorate with the Commander of NAFC, in which other directorates may sit in as visitors, were seen as very informative, but only a first step toward better communication. Moreover, the focus at these briefings is generally on short term, operational issues rather than long range strategy.

Several of the respondents expressed a need for increased feedback from the Planning Division during the planning process. The current planning process is perceived to be a one-way street. The various directorates receive little feedback on their planning input. Thus, the motivation to spend even minimal amounts of time on requests for information from the Planning Division is reduced. One of the respondents suggested that the feedback be in the form of a presentation after all the planning input from the directorates has been integrated into a single draft Master Plan. Additionally, several directorates stated a desire to be briefed frequently on the progress of the Master Plan.

It was repeatedly mentioned that, to stimulate more intimate involvement by directorates in the planning process, NAFC-12 should improve its method of gathering planning information. To achieve this, one respondent noted that, rather than simply asking the directorates "what do you want to do next year," the Planning Division should analyze directorate input and provide the Commander an integrated view of what NAFC should be doing in the future.

THE CURRENT FMIP MASTER PLAN DOCUMENT

The FMIP Master Plan was also found to be the subject of considerable controversy at NAFC. Although the Master Plan is intended to provide the primary source of guidance in the implementation of long range financial management systems development in the DON, most personnel interviewed considered the Master Plan to be of little actual value. Several individuals, in fact, indicated that the Master Plan may be the heart of NAFC's planning problems.

The major deficiencies noted in the Master Plan included its lack of emphasis on the future requirements of the DON and its narrow scope. An annotation of selected comments on the FMIP planning process, and suggestions received for its improvement, follow below.

Contents of the Master Plan

A irony expressed over the contents of the FMIP Master Plan was that it is in reality not a plan at all. All the respondents agreed that the current Master Plan is merely a compilation of existing NAVCOMPT sponsored projects. As such the Master Plan reports on the present and does not clearly delineate goals or otherwise provide a future direction for accounting systems. All respondents expressed the opinion that the Master Plan should be a global DON-wide strategy for financial management system improvements including DON-wide goals and objectives for future systems.

Usefulness of the Master Plan to Directorates

Because of its lack of overall objectives, there appeared to be little interest on the part of the directorates in using the Master Plan as a controlling tool. For all practical purposes, the POM budget remains the primary planning document at NAVCOMPT.

When questioned as to what benefit the Master Plan provided managers, one respondent stated, "It's just a lot of extra paperwork. I would do the planning with or without the FMIP Master Plan." Several project directors admitted that the lack of long range guidance afforded by the Master Plan has destroyed their enthusiasm for it.

Inclusion of such long range guidance was generally thought to be essential if the Master Plan was to yield any benefits. Rather than documenting a list of tasks, it was suggested that the plan should "demonstrate where we are, where we want to go in the future, and how to get there." Until this is

accomplished, most interviewees suspected that directorates would continue to give the planning input low priority.

Linkages Between Middle/Long Range Planning and Programming/Budgeting

The majority of the interviewees felt that there was needed improvement in the linkages between planning and budgeting. Many felt that provisions were necessary to prohibit funding and implementation of major systems programs if they were not first included in the Master Plan. One respondent stated, "If the project is not included in the Master Plan, then procedures should be in place to prohibit it in programming and budgeting." Among the various explanations given for the failure of linkages to consistently occur were:

- Poor coordination of the workflow between NAFC-1 and NAFC-2. One respondent felt that NAFC-1 and NAFC-2 should be combined into one department to assure the linkage between planning and budgeting.
- The directorates' refusal to use the Master Plan as an execution document. The current Master Plan is not sufficient for these purposes. Many of the respondents said that theoretically they knew that the long range plan should be developed first, and utilized as a base for the development of the middle and short range plans. The middle and short range plans would include much more detail than the long range plan. The respondents felt that the current quality of the Master Plan was not sufficient for this approach to work and, thus, the linkage between the Plan and the Budget has suffered.

Desired Changes Expressed for the Master Plan Process

The respondents were not in agreement regarding the contents of the Master Plan. Many of the respondents felt that the Plan should contain rough resource estimates to facilitate project prioritization. It was also felt that the resource estimates would give the Plan additional credibility by illustrating that the projects included are realistically within the range of future dollar and manpower level estimates. However, many interviewees felt that the inclusion of resource estimates would stifle creativity and the ability to think conceptually on DON-wide systems. One respondent mentioned that senior management must first determine what the chief use of the plan will be (i.e. general direction or monitoring) before the contents can be determined. When the purpose of the Master Plan has been resolved, the Planning Division will be able to specify the kind of input that is necessary.

Need for Clear Statement of Priorities. There appears to be substantial uncertainty in the current Master Plan, according to respondents, concerning the specific order of importance for individual projects. For instance, many organizations rank planned projects in order to identify those which will be deferred in case of budget reduction. Most directorates stated that management at the command level had the responsibility for establishing priorities but added they were rarely informed of them. When asked if they knew what system priorities existed, several respondents stated they could only guess based on milestones and resource allocations for individual projects.

A few of the respondents expressed the desire to see project priorities in the Master Plan. Some respondents felt that it was unnecessary because priorities were implied during the budget process by the allocation of resources.

Frequency of Updates. With an effective long range plan, annual updating was generally considered to be too infrequent, although responses were mixed on this issue. Several directorates suggested that a future plan should be updated continuously in order to take into account, new directions due to changes in command, state-of-the-art technological breakthroughs, legislative changes, and system deficiencies. Other individuals, who already felt overburdened with the extra work these updates entailed, were suspicious of additional review requirements.

Standardization of Financial Systems. NAFC personnel appear to be in clear agreement that the Master Plan should depart from its current project orientation and be redirected toward development of long term financial strategies for improvement of systems via standardization. However, the full extent to which this standardization should take place is less evident. Many respondents mentioned that due to the diverse activities of the Navy, standardization within major commands or functions may be all that is feasible or even desirable.

THE RESOURCES DEPLOYED IN PLANNING AT NAFC

NAFC directorates were questioned concerning the deployment of staff resources in the planning function in an attempt to learn what factors in this area, if any, were considered essential to the effectiveness of the process.

Allotment of Time and Manpower for the Planning Function

With regard to the average number of staff hours per month individual directorates devoted to development of input for the FMIP Master Plan, a widely mixed response was elicited. While up to 370 staff hours were spent on planning input in some directorates, as few as 2 staff hours were allocated to the function in others. Over half of the directorates questioned stated they had no idea how much time was spent per month on planning within their organizations. This may reflect a low emphasis to planning, or it may reflect merely an inability to separate planning from other management functions.

In those directorates indicating a knowledge of the amount of time spent on planning, the individuals most likely to be involved were primarily at either the divisional head or directorate level. Asked if adequate staff hours were available for planning, the majority of the directorate commanders responded that hours were generally available, and that it was simply a matter of budgeting the time to do so. Many of these directorates feel that the time spent on planning input for the present Master Plan fails to generate a positive return.

Staffing Within the Planning Division

NAFC management feels the Planning Division needs to upgrade its skills and manpower levels to be more effective. Although acknowledging there are probably too few individuals currently in NAFC-12 to perform any realistic long term planning, it was repeatedly stressed that quality of an enhanced staff is much more important than its mere quantity. Specific capabilities which it was felt an enhanced staff of the Planning Division should possess include the ability to conceptualize future systems; and the knowledge of the Treasury requirements, GAO and CNO regulations and field accounting systems.

Other characteristics deemed essential for individuals in the planning role were a creative, perceptive mind, and a visionary outlook. Additionally, to coordinate the planning efforts of the directorates, Planning Division personnel should have strong leadership traits.

Many civilian interviewees thought that the absence of a formalized controllership career path or specialized Finance Corps for Navy officers prevented military commanders at NAFC from attaining sufficient expertise in the specific functional areas of accounting and finance. Several of the military officers at NAFC had a background in logistics and no formal training in accounting.

Additionally, long term allegiance of NAFC officers was generally claimed to be to the supply function rather than the controllership function. It was felt that because of this allegiance, military personnel avoided controversial issues which might impede their careers when they return to the Supply Corps. Therefore, it was thought by some that, military officers focused their efforts on projects that were guaranteed success.

OTHER IMPEDIMENTS TO THE PLANNING FUNCTION

Frequent Military Rotations

Civilian personnel at NAFC see the three year average tour of duty for military Director/Commanders as presenting a major deterrent to the formulation and execution of any long range planning activities. Civilians expressed the concern that when a commander's departure from the organization appears imminent very little can be expected to be accomplished in the way of long term objectives. Because changes in command were thought to usually include a change in the direction of the organization, several civilians stated they were reluctant to make plans until the new commanders arrived. One respondent felt that the constant turnover of military management bred stagnation in the civilian personnel. He said that this was because the civilian's productivity would be reduced until a manager with a similar viewpoint was brought on board.

Military managers were, in addition regarded by some of their civilian counterparts as possessing short horizons. As a result of such an outlook, it is thought that short term solutions to problems frequently take precedence.

In an analogy to the private sector one individual observed, "what type of earnings growth would a firm have if it switched its board of directors, chief executive officer and vice presidents every three years?"

Many military personnel felt the civilian argument was not accurate for the following reasons:

- Rotations add vitality and fresh perspective to stagnant organizations.
- Military personnel possess an awareness of what is occurring in the field activities, i.e., the clientele of NAVCOMPT.
- Civilian personnel should provide the necessary continuity in the organization despite leadership changes.

Additionally, it was mentioned that the civilian cadre had become accustomed to the present way of doing things and thus strive to maintain the status quo. This reluctance to change by civilians, it was argued, thwarted innovative thinking and creativity within NAFC.

Subordinate Role of Long Term Planning

Inherent in the nature of planning is the problem that daily crises commonly take precedence over the development of a long term plan. One manager interviewed commented that he was still attempting to implement yesterday's plans and was far too busy with everyday operations to spend a lot of time thinking about the out-years. This emphasis, as one respondent put it, on "fighting today's fires today", without thinking about tomorrow, has left many of the directorates in NAFC "without the necessary knowledge of their mission in the future." The tendency in the organization as perceived by interviewees, remains to react to rather than plan for change.

Many of the respondents felt that the Planning Division should be responsible for stimulating long range thinking and for providing the organization with a future direction, via the Master Plan. They recognize however, the importance of senior management commitment to long range planning before it can be effective, and emphasized that this endorsement must also be given to the planning staff's efforts.

APPENDIX I

NAVY ACCOUNTING AND FINANCE CENTER

FINANCIAL SYSTEMS POLICY AND PLANNING
OPERATIONS DIRECTORATE

INSTRUCTIONS AND REFERENCES PERTAINING TO THE
PLANNING OF FINANCIAL MANAGEMENT
SYSTEM IMPROVEMENTS

DoD Directive 5100.4, "Life
Cycle Management of Automated
Information Systems (AIMS),"
Oct. 17, 1978

DoD Instruction 7920.2, "Major
Automated information Systems
Approval Process," Oct. 1978

DONADPM 7, of 27 Mar. 1981, Subj:
Department of the Navy Mid-Range
Information Systems Plan (FY
1984 - FY 1988)

DONADPM 34 of 25 Jun. 1982, Subj:
Preparation of Information System
Support Plan

DONPIC Ser. 902G/187640 of 24 Jul.
1979, Subj: Department of the
Navy Programming Manual

NAFCINST 5450.IA of 17 Jun. 1982,
Subj: Navy Accounting and Finance
Center Organization Manual

NAVCOMPT NOTICE 7000 of 24 Aug. 1982,
Subj: Department of the Navy Financial
Management Improvement Program (FMIP)

NAVCOMPTINST 7000.39A of 25 May 1982,
Subj: Department of the Navy Financial
Management Improvement Program (FMIP)

SECNAVINST 5320.6A of 31 Aug. 1981,
Subj: Automatic data processing
approval authority and acquisition/
development thresholds; delegation of

SECNAVINST 5231.1A of 20 Nov. 1979,
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